



Placer County REDEVELOPMENT AGENCY

Business Improvement Program

Low Interest Rate Loans

Introduction:

Placer County's business improvement program (BIP) has been established to assist business and property owners within designated redevelopment business districts in Placer County. The program provides financing to business and real estate projects that revitalize each of these areas.

Purpose and Objective:

BID loans are designed to provide no more than 80% of the projects total financing requirements. BID funds are targeted to businesses and projects that have the greatest potential for improving the physical appearance and economic opportunities in each of the following redevelopment program areas:

- ❖ Bowman/I-80 Commercial District
- ❖ Kings Beach/Tahoe Vista Business District
- ❖ North Auburn/Hwy 49 Commercial District
- ❖ Sunset Business District
- ❖ Tahoe City Business District.

The program will provide loan funds for:

- ❖ Real Property Acquisition, Construction & Rehabilitation
- ❖ Development Fees
- ❖ Working capital/ Lines of credit
- ❖ Equipment Purchase
- ❖ Furniture and Fixtures
- ❖ Architectural and Engineering Services

Loan Amounts: \$10,000 to \$100,000

Loan Terms: Up to 20 years

Interest Rate: Prime +, However the interest rates will be determined on a case by case basis and the final interest rate will be determined by the Placer County Loan Advisory Board.

Processing Fee: A maximum fee of one point (\$500) may be charged. Processing fee may be waived by Placer County Loan Advisory Board. Borrower is responsible for payment of all direct costs.

Prepayment Penalty: None

Deferral of Payments: Determine on a case by case basis

Collateral Requirements: All BIP loans shall be fully secured by collateral. No unsecured loans shall be made. Guarantees may be requested under certain circumstances. Types of collateral may include:

- ❖ Deeds of trust on real property
- ❖ Equipment

Redevelopment Benefits:

The following elements are critical in the program:

- ❖ Physical and/or economic improvements to the district
- ❖ Existence of a "Financial gap"
- ❖ Loans must meet underwriting criteria
- ❖ Projects must conform to applicable Placer County Redevelopment Plans, redevelopment and economic development strategies, and Placer County Codes and Ordinances.
- ❖ Loan terms and conditions will be structured to meet the financial needs of individual business or property owners.

Leveraging:

Two private dollars for equity and/or debt for every eight BIP dollars lent. Private dollars can be either a loan or owners equity. Owners equity can be cash, land or equipment specifically allocated for the project to be funded. Land is counted only for construction projects. On exception basis and with Loan Advisory Board approval, the leverage can be one to nine.

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